

The Gazette of India

EXTRAORDINARY PART II—Section 2 PUBLISHED BY AUTHORITY

No. 91 NEW DELHI, MONDAY, APRIL 23, 1962/VAISHAKHA 3, 1884

LOK SABHA

The following Bill was introduced in Lok Sabha on the 23rd April, 1962:—

*BILL No. 35 OF 1962

A bill to give effect to the financial proposals of the Central Government for the financial year 1962-63.

Be it enacted by Parliament in the Thirteenth Year of the Republic of India as follows:—

1. (1) This Act may be called the Finance (No. 2) Act, 1962.

(2) Save as otherwise provided in this Act, sections 3 to 14 inclusive shall be deemed to have come into force on the 1st day of April, 1962 and sub-section (1) of section 16 and section 18 shall be deemed to have come into force on the 23rd day of April, 1962. Short title
and com-
mence-
ment.

2. (1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the assessment year commencing on the 1st day of April, 1962,— Income-tax
and super-
tax.

(a) income-tax shall be charged at the rates specified in Part I of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein; and

(b) super-tax shall, for the purposes of section 95 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein.

43 of 1961.

*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to the Lok Sabha, the introduction and consideration of the Bill.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1962,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head “Salaries”, the income-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1961, on his total income the same proportion as the amount of such inclusion bears to his total income;

14 of 1961.

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head “Salaries” on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Indian Income-tax Act, 1922, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Finance Act, 1961, on his total income the same proportion as the amount of such inclusion bears to his total income.

11 of 1922.

14 of 1961.

(3) In making any assessment for the assessment year commencing on the 1st day of April, 1962, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the super-tax payable by it shall be the aggregate of the tax calculated—

31 of 1956.

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable to the Life Insurance Corporation of India in accordance with Paragraph E of Part II of the First Schedule; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which Chapter XII of the Income-tax Act applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates specified in that Chapter, as the case may be.

(5) (i) An assessee being an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India or an assessee other than a company, whose total income includes any profits and gains derived from the export of any goods or merchandise out of India, shall be entitled to a deduction, from the amount of income-tax and super-tax with which he is chargeable for the assessment year commencing on the 1st day of April, 1962, of an amount equal to the income-tax and super-tax calculated respectively at one-tenth of the average rate of income-tax and of the average rate of super-tax on the amount of such profits and gains included in the total income.

(ii) The Central Board of Revenue may make rules for computing the amount of such profits and gains.

43 of 1961.

(6) In cases in which tax has to be deducted under sub-section (2) of section 192 and sections 193 to 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part III of the First Schedule.

(7) For the purposes of this section, and of the rates of tax imposed thereby—

(i) the expressions “assessment year”, “average rate of income-tax”, “average rate of super-tax” and “partner” have the meanings respectively assigned to them in clauses (9), (10), (11) and (23) of section 2 of the Income-tax Act;

(ii) the expression “total income” means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the said Act; and

(iii) the expression “earned income” means any income of an assessee who is an individual, Hindu undivided family, unregistered firm or other association of persons or body of individuals, whether incorporated or not, not being a company, a local authority, a registered firm or a firm assessed under clause (b) of section 183 of the said Act—

(a) which is chargeable under the head “Salaries”; or

(b) which is chargeable under the head “Profits and gains of business or profession” where the business or profession is carried on by the assessee or, in the case of a firm, where the assessee is a partner actively engaged in the conduct of the business or profession; or

(c) which is chargeable under the head “Income from other sources” if it is immediately derived from personal exertion or represents a pension or super-annuation or other allowance given to the assessee in respect of the past services of any deceased person; and

includes any such income which, though it is the income of another person, is included in the assessee's income under the provisions of the Income-tax Act, 1961, but does not include any such income on which tax is not payable under clause (iii) or clause (iv) or clause (v) of section 86 or clause (i) or clause (ii) of sub-section (1) of section 99 of that Act or which is exempted from tax under a notification issued under section 60 of the Indian Income-tax Act, 1922, as continued in force by clause (1) of sub-section (2) of section 297 of the Income-tax Act, 1961.

Amend-
ment of
section 2.

3. In section 2 of the Income-tax Act, after clause (42), the following clause shall be inserted, namely:—

“(42A) ‘short-term capital asset’ means a capital asset held by an assessee for not more than twelve months immediately preceding the date of its transfer.

Explanation.—(i) In determining the period for which any capital asset is held by the assessee—

(a) in the case of a share held in a company in liquidation, there shall be excluded the period subsequent to the date on which the company goes into liquidation;

(b) in the case of a capital asset which becomes the property of the assessee in the circumstances mentioned in clauses (i) to (iv) of section 49, there shall be included the period for which the asset was held by the previous owner referred to in the said section.

(ii) In respect of capital assets other than those mentioned in clause (i), the period for which any capital asset is held by the assessee shall be determined subject to any rules which the Board may make in this behalf.”

Amend-
ment of
section 37.

4. In section 37 of the Income-tax Act, in sub-section (2), for the figures and notations “ $\frac{1}{2}\%$ ” and “ $\frac{1}{4}\%$ ”, the figures and notations “ $\frac{1}{2}\%$ ” and “ $\frac{1}{4}\%$ ” shall, respectively, be substituted.

Substitu-
tion of
new sec-
tions for
sections
70 and 71.

5. For sections 70 and 71 of the Income-tax Act, the following sections shall be substituted, namely:—

Set off of
loss from
one source
against in-
come from
another
source
under the
same head
of income.

“70. (1) Save as otherwise provided in this Act, where the net result for any assessment year in respect of any source falling under any head of income other than ‘Capital gains’ is a loss, the assessee shall be entitled to have the amount of such loss set off against his income from any other source under the same head.

(2) (i) Where the result of the computation made for any assessment year under sections 48 to 55 in respect of any short-term capital asset is a loss, the assessee shall be entitled to have the amount of such loss set off against the income, if any, as arrived at under a similar computation made for the assessment year in respect of any other capital asset.

(ii) Where the result of the computation made for any assessment year under sections 48 to 55 in respect of any capital asset other than a short-term capital asset is a loss, the assessee shall be entitled to have the amount of such loss set off against the income, if any, as arrived at under a similar computation

made for the assessment year in respect of any other capital asset not being a short-term capital asset.

71. (1) Where in respect of any assessment year the net result of the computation under any head of income other than 'Capital gains' is a loss and the assessee has no income under the head 'Capital gains', he shall, subject to the provisions of this Chapter, be entitled to have the amount of such loss set off against his income, if any, assessable for that assessment year under any other head. Set off of loss from one head against income from another.

(2) Where in respect of any assessment year the net result of the computation under any head of income other than 'Capital gains' is a loss and the assessee has income assessable under the head 'Capital gains', such loss may, subject to the provisions of this Chapter, be set off against the income, if any, of the assessee assessable for that assessment year under any other head including income from capital gains relating to short-term capital assets as well as other capital assets or, if the assessee so desires, shall be set off only against his income, if any, assessable under any head of income other than 'Capital gains'."

6. In section 72 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:— Amendment of section 72.

"(1) Where for any assessment year, the net result of the computation under the head 'Profits and gains of business or profession' is a loss to the assessee, not being a loss sustained in a speculation business, and such loss cannot be wholly set off against income under any head of income other than 'Capital gains' or, in accordance with the option exercised by the assessee under sub-section (2) of section 71, is not set off against income under the head 'Capital gains', so much of the loss as has not been so set off shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year, and—

(i) It shall be set off against the profits and gains, if any, of any business or profession carried on by him and assessable for that assessment year:

Provided that the business or profession for which the loss was originally computed continued to be carried on by him in the previous year relevant for that assessment year; and

(ii) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on."

Substitution of new section for section 74.

Losses under the head "Capital gains".

7. For section 74 of the Income-tax Act, the following section shall be substituted, namely:—

"74. (1) Where in respect of any assessment year, the net result of the computation under the head 'Capital gains' is a loss, such loss shall, subject to the other provisions of this Chapter, be dealt with as follows:—

(i) such portion of the net loss as relates to capital assets other than short-term capital assets shall not be carried forward to any subsequent assessment year;

(ii) such portion of the net loss as relates to short-term capital assets shall be carried forward to the following assessment year and set off against the capital gains, if any, relating to short-term capital assets assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off shall be carried forward to the following assessment year and so on.

(2) No loss shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.

(3) Notwithstanding anything contained in the Indian Income-tax Act, 1922, any loss computed under the head 'Capital gains' in respect of the assessment year commencing on the 1st day of April, 1961 or any earlier assessment year which was carried forward under sub-section (2B) of section 24 of the said Act, shall be dealt with in the assessment year commencing on the 1st day of April, 1962 or any subsequent assessment year, as follow:—

11 of 19

(i) in so far as it relates to capital assets other than short-term capital assets, it shall be ignored and shall not be allowed to be carried forward; and

(ii) in so far as it relates to short-term capital assets, it shall be carried forward and set off in accordance with the provisions of clause (ii) of sub-section (1) and sub-section (2)."

Amendment of section 87.

8. In section 87 of the Income-tax Act,—

(i) in sub-section (1), after clause (e), the following clause shall be inserted, namely:—

"(f) where the assessee is an individual, any sums deposited, in the previous year by the assessee out of his income chargeable to tax, in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time.";

(ii) in sub-section (3),—

(a) in clause (ii), for the words “eight thousand rupees”, the words “ten thousand rupees” shall be substituted;

(b) in clause (iii), for the words “sixteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

9. In section 88 of the Income-tax Act, to sub-section (3), the following proviso shall be added, namely:—

Amendment of section 88.

“Provided that in respect of any such sums paid during any previous year relevant to the assessment year commencing on the 1st day of April, 1963 or any subsequent assessment year, this sub-section shall have effect as if for the words ‘seven and a half per cent.’ and the words ‘one hundred and fifty thousand rupees’, the words ‘ten per cent.’ and ‘two hundred thousand rupees’ had been, respectively, substituted.”

10. In section 109 of the Income-tax Act, in clause (iii), for the figures and notations “50%” and “65%”, wherever they occur, the figures and notations “45%” and “60%” shall, respectively, be substituted.

Amendment of section 109.

11. For sections 114 and 115 of the Income-tax Act, the following sections shall be substituted, namely:—

Substitution of new sections for sections 114 and 115.

“114. Where the total income of an assessee, not being a company, includes any income chargeable under the head ‘Capital gains’, the tax payable by him on his total income shall be—

Tax on capital gains in cases of assessee other than companies.

(a) the amount of income-tax and super-tax payable on the total income as reduced by the amount of such inclusion and by the amount of compensation or other payment, if any, referred to in clause (ii) of section 28, had the total income so reduced been his total income; plus

(b) (i) the amount of income-tax and super-tax calculated on the amount of the net capital gains relating to short-term capital assets, if any, included in the total income at the average rate of income-tax and the average rate of super-tax respectively, which would have been applicable to the total income if the amount of the net capital gains, if any, relating to capital assets other than short-term capital assets and the amount of compensation or other payment aforesaid, if any, had not formed part of it; plus

(ii) the amount of income-tax and super-tax calculated on the amount of the net capital gains, if any, relating to capital assets other than short-term capital assets, at the average rate of income-tax and the average rate of super-tax respectively, which would have been applicable to the total income, if the net capital gains, if any, relating to short-term capital assets and the amount of compensation or other payment aforesaid, if any, had not formed part of it; or the amount of income-tax calculated at the rate of 25 per cent. on the amount of the net capital gains relating to capital assets other than short-term capital assets included in the total income, whichever is less:

Provided that—

(i) where the total income does not exceed the sum of ten thousand rupees, the amount payable under sub-clause (ii) of clause (b) shall be nil; and

(ii) in no case shall the amount payable under sub-clause (ii) of clause (b) exceed one-half of the amount, if any, by which the amount of capital gains relating to capital assets other than short-term capital assets exceeds the sum of five thousands rupees;

plus

(c) the tax on such compensation or other payment aforesaid, if any, computed in accordance with the provisions of clause (iii) of section 112.

Tax on capital gains in case of companies.

115. Where the total income of a company includes any income chargeable under the head 'Capital gains' (whether such gains relate to short-term capital assets or to other capital assets), the tax payable by it shall be—

(a) the amount of income-tax with which it is chargeable on its total income;

(b) the amount of super-tax equal to the aggregate of the amount of super-tax calculated at the rate of five per cent. on the amount of the capital gains relating to capital assets other than short-term capital assets included in the total income and the amount of super-tax with which it would be chargeable had its total income been reduced by the amount of such aforesaid capital gains.”.

Amendment of Act 27 of 1957.

12. In the Wealth-tax Act, 1957,—

(1) clause (xx) of sub-section (1) of section 5 shall be omitted;

(2) in the Schedule, for Part I, the following Part shall be substituted, namely:—

“PART I

Rate of tax

(a) In the case of every individual:—

- (i) on the first rupees two lakhs of net wealth .. Nil
- (ii) on the next rupees eight lakhs of net wealth .. 1%
- (iii) on the next rupees ten lakhs of net wealth .. 1.75%
- (iv) on the balance of net wealth .. 2.5%

(b) In the case of every Hindu undivided family:—

- (i) on the first rupees four lakhs of net wealth .. Nil
- (ii) on the next rupees seven lakhs of net wealth .. 1%
- (iii) on the next rupees ten lakhs of net wealth .. 1.75%
- (iv) on the balance of net wealth .. 2.5%”.

29 of 1957.

13. Notwithstanding anything contained in the Expenditure-tax Act, 1957, expenditure-tax shall not be charged for any financial year commencing on or after the first day of April, 1962, in respect of the expenditure incurred by any individual or Hindu undivided family. Expenditure-tax not to be levied from 1st April, 1962.

14. In the Finance Act, 1961, in the First Schedule, in Part II, in Paragraph D, in clause (ii) of the first proviso, for the words “any Indian company which satisfies”, the words “any company which satisfies” shall be substituted and shall be deemed always to have been substituted. Amendment of the First Schedule to Act 14 of 1961.

15. The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), shall be amended in the manner specified in the Second Schedule. Amendment of Act 32 of 1934.

16. In the Central Excises and Salt Act, 1944—

(1) In section 2, in clause (f), in sub-clause (i), the word “and” shall be omitted and after sub-clause (ii), the following sub-clause shall be inserted, namely:—

Amendment of Act I of 1944.

“(iii) in relation to patent or proprietary medicines as defined in Item No. 14E of the First Schedule and in relation to cosmetics and toilet preparations as defined in Item No. 14F of that Schedule, includes the conversion of powder into tablets or capsules, the labelling or re-labelling of containers intended for consumers and re-packing from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumers.”;

(2) in the First Schedule,—

(a) in Item No. 4,—

(1) under “I. *Unmanufactured tobacco*—”—

(i) for the entries in the third column against sub-items (1), (2), (3), (4), (5) and (6), the entries “Two rupees and sixty naye paise”, “Sixteen rupees and ninety naye paise”, “Two rupees and twenty-five naye paise”, “Two rupees and five naye paise”, “One rupee and twenty naye paise” and “Two rupees and twenty-five naye paise” shall, respectively, be substituted;

(ii) sub-item (5) (iii) shall be omitted;

(2) under “II. *Manufactured tobacco*—”—

for sub-item (2), the following sub-item shall be substituted, namely:—

Per thousand

“(2) Cigarettes of which the value—

- | | |
|--|---|
| (i) exceeds Rs. 35 a thousand. | Twenty-five rupees and thirty naye paise. |
| (ii) exceeds Rs. 25 a thousand, but does not exceed Rs. 35 a thousand. | Twelve rupees and ninety-five naye paise. |
| (iii) exceeds Rs. 15 a thousand, but does not exceed Rs. 25 a thousand. | Six rupees and sixty five naye paise. |
| (iv) exceeds Rs. 7.50 a thousand, but does not exceed Rs. 15 a thousand. | Two rupees and ninety naye paise. |
| (v) does not exceed Rs. 7.50 a thousand. | One rupee and thirty naye paise.”; |

(b) for Item No. 11, the following Item shall be substituted, namely:—

“11. ASPHALT, BITUMEN AND TAR—

- | | |
|---|--|
| (1) Asphalt and Bitumen (including cut-back bitumen and asphalt) natural or produced from petroleum or shale. | Twenty-seven per cent. <i>ad valorem</i> . |
| (2) Tar distilled from coal or lignite, and other mineral tars, including partially distilled tars and blends of pitch with creosote oils or with other coal tar distillation products. | Twenty-seven per cent. <i>ad valorem</i> .”; |

(c) after Item No. 11, under the heading "Mineral fuels, lubricants and related materials", the following Item shall be inserted, namely:—

<p>"11A. ALL PRODUCTS DERIVED FROM REFINING OF CRUDE PETROLEUM OR SHALE (WHETHER GASEOUS, LIQUID, SEMI-SOLID OR SOLID IN FORM), NOT OTHERWISE SPECIFIED INCLUDING REFINERY GASES, LUBRICATING OIL AND GREASES, WAXES AND COKE—</p>	<p>Five per cent. <i>ad valorem</i>."</p>
--	---

(d) in Item No. 14, for sub-item III, the following sub-item shall be substituted, namely:—

"III. Cellulose lacquers—

- | | |
|--|---|
| <p>(i) Nitrocellulose lacquers, clear and pigmented and nitrocellulose ancillaries in liquid form.</p> | <p>One rupee and forty naye paise per litre.</p> |
| <p>(ii) Nitrocellulose ancillaries in semi-solid and pasty forms.</p> | <p>Fifty naye paise per kilogram.</p> |
| <p>(iii) Cellulose lacquers, not otherwise specified.</p> | <p>One rupee and forty naye paise per litre."</p> |

(e) for Item No. 14D, the following Item shall be substituted, namely:—

<p>"14D. SYNTHETIC ORGANIC DYESTUFFS (INCLUDING PIGMENT DYESTUFFS).</p>	<p>Fifteen per cent. <i>ad valorem</i>."</p>
---	--

(f) for Item No. 14E, the following Item shall be substituted, namely:—

<p>"14E. PATENT OR PROPRIETARY MEDICINES NOT CONTAINING ALCOHOL, OPIUM, INDIAN HEMP OR OTHER NARCOTIC DRUGS OR OTHER NARCOTICS OTHER THAN THOSE MEDICINES WHICH ARE EXCLUSIVELY AYURVEDIC, UNANI, SIDHA OR HOMOEOPATHIC.</p>	<p>Ten per cent. <i>ad valorem</i>."</p>
--	--

Explanation.—'Patent or proprietary medicines' means any drug or medicinal preparation, in whatever form, for use in the internal or external treatment of, or for the prevention of,

ailments in, human beings or animals, which bears either on itself or on its container or both, a name which is not specified in a monograph in a Pharmacopoeia, Formulary or other publications notified in this behalf by the Central Government in the Official Gazette, or which is a brand name, has, a name or a registered trade mark under the Trade and Merchandise Marks Act, 1958 (43 of 1958), or any other mark such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to that medicine for the purpose of indicating or so as to indicate a connection in the course of trade between the medicine and some person having the right either as proprietor or otherwise to use the name or mark with or without any indication of the identity of that person.

(g) after Item No. 14F, the following Items shall be inserted, namely:—

<p>“14G. NITRIC, HYDRO- CHLORIC AND SULPHURIC ACIDS (INCLUDING FUMING ACIDS AND ANHYDRIDES THEREOF), ALL SORTS.</p>	<p>Ten per cent. <i>ad</i> <i>valorem.</i></p>
---	--

14H. COMPRESSED, LIQUE-
FIED OR SOLIDIFIED GASES,
THE FOLLOWING, NAMELY:—

- | | |
|---|---|
| (i) Oxygen | Ten per cent. <i>ad</i>
<i>valorem.</i> |
| (ii) Chlorine | Ten per cent. <i>ad</i>
<i>valorem.</i> |
| (iii) Ammonia | Ten per cent. <i>ad</i>
<i>valorem.</i> |
| (iv) Carbonic acid
(Carbon dioxide). | Fifty per cent. <i>ad</i>
<i>valorem.</i> |
| (v) Refrigerant gases, not
otherwise specified, such
as sulphur dioxide and
freon. | Twenty per cent. <i>ad</i>
<i>valorem.”;</i> |

(h) for Item No. 15A, the following Item shall be substituted, namely:—

“15A. PLASTICS, ALL SORTS— Twenty per cent. *ad valorem*.”;

- (i) Moulding powders, granules and flakes (thermo-setting and thermoplastic).
- (ii) Polyethylene films, lay-flat tubings and P. V. C. sheets (that is to say, Polyvinyl Chloride sheets).
- (iii) Not otherwise specified;

(i) after Item No. 16, the following Items shall be inserted, namely:—

“16A. RUBBER PRODUCTS,
THE FOLLOWING, NAMELY:—

- (i) Latex foam sponge Twenty per cent. *ad valorem*.
- (ii) Plates, sheets and strips unhardened, whether vulcanized or not, and whether combined with any textile material or otherwise. Twenty per cent. *ad valorem*.

16B. PLYWOOD, BLOCK-BOARD, LAMINBOARD, BATTEN BOARD, HARD OR SOFT WALL BOARDS OR INSULATING BOARD AND VENEERED PANELS, WHETHER OR NOT CONTAINING ANY MATERIAL OTHER THAN WOOD; CELLULAR WOOD PANELS; BUILDING BOARDS OF WOOD PULP OR OF VEGETABLE FIBRE, WHETHER OR NOT BONDED WITH NATURAL OR ARTIFICIAL RESINS OR WITH SIMILAR BINDERS; AND ARTIFICIAL OR RECONSTITUTED WOOD BEING WOOD SHAVINGS, WOOD CHIPS, SAW DUST, WOOD FLOUR OR OTHER LIGNEOUS WASTE AGGLOMERATED WITH

NATURAL OR ARTIFICIAL RESINS OR OTHER ORGANIC BINDING SUBSTANCES, IN SHEETS, BLOCKS, BOARDS OR THE LIKE—

(i) Plywood for Tea-chests Ten per cent. *ad*
when cut to size in pa- *valorem*.
nels or shooks and packed
in sets.

(ii) All others . . . Fifteen per cent.
ad valorem.”;

(j) in Item No. 18—

(i) for the entry in the third column, the entry “Four rupees and fifty naye paise per kilogram” shall be substituted;

(ii) the following *Explanation* shall be added, namely:—

“*Explanation*.—‘Rayon and synthetic fibres and yarn’ shall be deemed to include man-made fibres and yarn made out of man-made fibres.”;

(k) in Item No. 18A, for the entries in the third column against sub-items (1) and (2), the entries “Thirty naye paise per kilogram” and “Fifteen naye paise per kilogram” shall, respectively, be substituted;

(l) in Item No. 18B, for the entries in the third column against sub-items (1) and (2), the entries “Fifteen per cent. *ad valorem*” and “Seven and a half per cent. *ad valorem*” shall, respectively, be substituted;

(m) in Item No. 19,—

(i) in the second column,—

(a) in clause (b), the word “or” shall be inserted at the end; and

(b) in clause (c), the word “or” and clause (d) shall be omitted;

(ii) for the entries in the third column against sub-items (1), (2), (3), (4) and (5), the entries “Sixty naye paise per square metre”, “Sixty naye paise per square metre”, “Forty naye paise per square metre”, “Forty naye paise per square metre” and “Sixty naye paise per square metre” shall, respectively, be substituted;

(n) in Item No. 21, in the second column, the words "but do not include any such fabric if manufactured on a handloom" shall be omitted;

(o) in Item No. 22,—

(i) in the second column, in clause (iii), the word "or" shall be inserted at the end; and

(ii) in clause (iv), the word "or" and clause (v) shall be omitted;

(p) after Item No. 22, the following Item shall be inserted, namely:—

"22A. JUTE MANUFACTURES
(INCLUDING MANUFACTURES
OF BIMLIPATAM JUTE OR OF
MESTA FIBRE), ALL SORTS—

(i) Hessians Two hundred and fifty rupees per metric tonne.

(ii) All other descriptions of jute manufactures not otherwise specified (including cloth, bags, twist, yarn, rope and twine). One hundred and twenty-five rupees per metric tonne."

(q) after Item No. 23B, the following Item shall be inserted, namely:—

"23C. ASBESTOS-CEMENT PRODUCTS, ALL SORTS, INCLUDING FLAT AND CORRUGATED SHEETS, PIPES AND TUBES AND TILES. Ten per cent. *ad valorem*";

(r) in Item No. 26A, for sub-items (1) and (2), the following sub-items shall be substituted, namely:—

"(1) In any crude form including ingots, bars, blocks, slabs, billets, shots and pellets. One hundred rupees per metric tonne.

(2) Manufactures, the following, namely, plates, sheets, circles, strips and foils in any form or size. Three hundred rupees per metric tonne.

(3) Pipes and tubes Ten per cent. *ad valorem*";

(s) after Item No. 26A, the following Item shall be inserted, namely:—

“26AA. IRON OR STEEL PRODUCTS, THE FOLLOWING, NAMELY:—

- | | |
|--|--|
| (i) Bars, rods, coils, wires, joints, girders, angles, channels, tees, flats, beams, zeds, trough piling, and all other rolled, forged or extruded shapes and sections, not otherwise specified. | Five per cent. <i>ad valorem</i> plus the excise duty for the time being leviable on pig iron or steel ingots, as the case may be. |
| (ii) Plates and sheets, other than plates and sheets intended for tinning, and hoops and strips, all sorts, including galvanised or corrugated plates and sheets. | Seven and a half per cent. <i>ad valorem</i> plus the excise duty for the time being leviable on pig iron or steel ingots, as the case may be. |
| (iii) Uncoated plates and sheets intended for tinning. | Seven and a half per cent. <i>ad valorem</i> plus the excise duty for the time being leviable on pig iron or steel ingots, as the case may be. |
| (iv) Pipes and tubes (including blanks therefor) all sorts, whether rolled, forged, spun, cast, drawn, annealed, welded or extruded. | Five per cent. <i>ad valorem</i> plus the excise duty for the time being leviable on pig iron or steel ingots, as the case may be. |
| (v) All other steel castings, not otherwise specified. | Five per cent. <i>ad valorem</i> plus the excise duty for the time being leviable on steel ingots.”; |

(t) in Item No. 27,—

(1) for sub-item (b), the following sub-items shall be substituted, namely:—

- | | |
|--|--|
| “(b) Manufactures, the following, namely, plates, sheets, circles and strips in any form or size. | Five hundred rupees per metric tonne. |
| (bb) Foils, that is a product of thickness (excluding any backing) not exceeding 0.15 millimetres. | Six hundred rupees per metric tonne.”; |

(u) for Item No. 29A, the following Item shall be substituted, namely:—

“29A. REFRIGERATING AND
AIR-CONDITIONING APPLI-
ANCES AND MACHINERY, ALL
SORTS, AND PARTS THERE-
OF—

- | | |
|--|---|
| (1) Refrigerators and other refrigerating appliances, which are ordinarily sold or offered for sale as ready assembled units, such as ice makers, bottle coolers, display cabinets and water coolers. | Twenty per cent.
<i>ad valorem.</i> |
| (2) Air-conditioners and other air-conditioning appliances, which are ordinarily sold or offered for sale as ready assembled units, including package type air-conditioners and evaporative type of coolers. | Twenty per cent.
<i>ad valorem.</i> |
| (3) Parts of refrigerating and air-conditioning appliances and machinery, all sorts. | Thirty per cent. <i>ad valorem.</i> ” ; |

(v) to Item No. 30, the following *Explanation* shall be added, namely:—

“*Explanation*— This Item does not include motors specially designed for use in gramophones or record players and all parts of such motors.”;

(w) after Item No. 33A, the following Item shall be inserted, namely:—

“33B. ELECTRIC WIRES
AND CABLES, ALL SORTS,
NOT OTHERWISE SPECIFIED—

- | | |
|--|--|
| (i) Insulated wires and cables, whether sheathed or unsheathed, when designed for use in circuits of less than 10 amperes and at a pressure not exceeding 250 volts. | Fifteen per cent.
<i>ad valorem.</i> |
| (ii) All others | Five per cent.
<i>ad valorem.</i> ” ; |

(x) in Item No. 34, for the entries under the third column against sub-items (1) and (2), the entries "One hundred and seventy-five rupees each or seven and a half per cent *ad valorem*, whichever is higher" and "One thousand rupees each or ten per cent. *ad valorem*, whichever is higher" shall, respectively, be substituted;

(y) after Item No. 37, the following Item shall be inserted, namely:—

"37A. GRAMOPHONES, INCLUDING RECORD PLAYERS, WHETHER MECHANICALLY OR ELECTRICALLY DRIVEN, AND WITH ACOUSTIC, ELECTRONIC, OR TRANSISTORISED SYSTEMS OF REPRODUCTION OR AMPLIFICATION, AND PARTS AND ACCESSORIES THEREOF, AND GRAMOPHONE RECORDS, ALL SORTS—

- | | |
|---|--|
| (i) Gramophones or record players, including radiograms. | Twenty per cent. <i>ad valorem</i> . |
| (ii) Parts and accessories of gramophones or record players, all sorts. | Thirty per cent. <i>ad valorem</i> . |
| (iii) Gramophone records, all sorts, other than matrices. | Fifteen per cent. <i>ad valorem</i> . |
| (iv) Matrices for records, impressed. | Thirty per cent. <i>ad valorem</i> . |
| (v) Gramophone needles or styli— | |
| (a) wholly made of steel | Twenty per cent. <i>ad valorem</i> . |
| (b) others | Twenty-five per cent. <i>ad valorem</i> ." |

(z) Item No. 40 shall be omitted.

Amendment of
Act 58 of
1957.

17. In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, in Item No. 4—

(a) under "I. Unmanufactured tobacco—" sub-item (5) (iii) shall be omitted;

(b) under "II. Manufactured tobacco—" for sub-item (2), the following sub-item shall be substituted, namely:—

- | | |
|--|--------------------------------------|
| | Per thousand |
| “(2) Cigarettes of which the value— | |
| (i) exceeds Rs. 35 a thousand | Seven rupees and seventy naye paise. |
| (ii) exceeds Rs. 25 a thousand, but does not exceed Rs. 35 a thousand. | Four rupees. |
| (iii) exceeds Rs. 15 a thousand, but does not exceed Rs. 25 a thousand. | Two rupees and twenty naye paise. |
| (iv) exceeds Rs. 7·50 a thousand, but does not exceed Rs. 10 a thousand. | Seventy naye paise. |
| (v) does not exceed Rs. 7·50 a thousand. | Forty naye paise.”. |

18. In the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, for *Explanation 1*, the following *Explanation* shall be substituted, namely:—

Amendment of Act 16 of 1955.

“*Explanation 1.*—‘Patent or proprietary medicines’ means any medicinal preparation which bears either on itself or on its container or both a name which is not specified in a monograph in a Pharmacopoeia, Formulary or other publications notified in this behalf by the Central Government in the Official Gazette, or which is a brand name, that is, a name or a registered trade mark under the Trade and Merchandise Marks Act, 1958 (43 of 1958), or any other mark such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to that medicinal preparation for the purpose of indicating or so as to indicate a connection in the course of trade between the preparation and some person having the right either as proprietor or otherwise to use the name or mark with or without any indication of the identity of that person.”.

11 of 1962.

19. Section 2 of the Finance Act, 1962 is hereby repealed and shall be deemed never to have been enacted.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 15, 16(2) and 17 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE FIRST SCHEDULE

(See section 2)

PART I

*Income-tax and surcharges on income-tax**Paragraph A*

(i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case—

Rates of Income-tax

Where the individual has no child wholly or mainly dependent on him or where the Hindu undivided family has no minor coparcener.		Where the individual has one child wholly or mainly dependent on him or where the Hindu undivided family has one minor coparcener.		Where the individual has more than one child wholly or mainly dependent on him or where the Hindu undivided family has more than one minor coparcener.	
	Rs.		Rs.		Rs.
(1) On the first	3,000 of total income.	(1) On the first	3,300 of total income.	(1) On the first	3,600 of total income.
(2) On the next	2,000 „	(2) On the next	1,700 „	(2) On the next	1,400 „
(3) On the next	2,500 „	(3) On the next	2,500 „	(3) On the next	2,500 „
(4) On the next	2,500 „	(4) On the next	2,500 „	(4) On the next	2,500 „
(5) On the next	2,500 „	(5) On the next	2,500 „	(5) On the next	2,500 „
(6) On the next	2,500 „	(6) On the next	2,500 „	(6) On the next	2,500 „
(7) On the next	2,500 „	(7) On the next	2,500 „	(7) On the next	2,500 „
(8) On the next	2,500 „	(8) On the next	2,500 „	(8) On the next	2,500 „
					Nil
					3%
					7%
					10%
					12%
					15%
					20%
					23%

(ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of every unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies:—

	Rs.
(1) On the first	1,000 of total income
(2) On the next	4,000 „ „
(3) On the next	2,500 „ „
(4) On the next	2,500 „ „
(5) On the next	2,500 „ „
(6) On the next	2,500 „ „
(7) On the next	2,500 „ „
(8) On the next	2,500 „ „
(9) On the balance of total income	25%

Provided that for the purposes of this Paragraph—

(i) no income-tax shall be payable on a total income which does not exceed the limit specified below;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit;

(iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of—

(a) the income-tax which would have been payable if the total income had been Rs. 20,000;

(b) half the amount by which the total income exceeds Rs. 20,000;

The limit aforesaid shall be—

(i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 3,000 in every other case.

Surcharges on income-tax

The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) A surcharge for purposes of the Union equal to the sum of—

(i) two and a half per cent. of the amount of income-tax calculated at the average rate of income-tax on the income under the head "Salaries" included in the total income;

(ii) five per cent. of the amount of income-tax calculated at the average rate of income-tax on the total income as reduced by the income under the head "Salaries" included therein; and

(iii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income;

and the amount of income-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge at fifteen per cent. of the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any, included in the total income if such earned income had been the total income:

Provided that—

(i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below;

(ii) no special surcharge shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if his total income does not exceed the limit specified below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1,500 or the amount of the said dividends, whichever is less:

Provided further that—

(a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case;

(b) the surcharge for purposes of the Union and the special surcharge, both together, shall not exceed half the amount by which the total income exceeds the limit specified below;

the limit aforesaid shall be—

(i) Rs. 15,000 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 7,500 in every other case.

Explanation.—For the purposes of this Paragraph, in the case of every Hindu undivided family governed by the *Mitakshara* law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grand-father notwithstanding any custom to the contrary.

Paragraph B

In the case of every local authority,—

Rate of income-tax

On the whole of the total income .. 30%

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 5 per cent. of the amount of income-tax.

Paragraph C

In every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate,—

Rate of income-tax

On the whole of the total income .. 25%

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

- (a) a surcharge for purposes of the Union of five per cent. of the amount of income-tax; and
- (b) a special surcharge of fifteen per cent. of the amount of income-tax.

Paragraph D

In the case of every company,—

Rate of income-tax

On the whole of the total income 25%

Paragraph E

In the case of every registered firm,—

Rates of income-tax

	Where the firm has four or less partners	Where the firm has five or more partners
(1) On the first Rs. 25,000 of total income	Nil	Nil
(2) On the next Rs. 15,000 of total income	5%	7%
(3) On the next Rs. 20,000 of total income	6%	8%
(4) On the next Rs. 40,000 of total income	7%	9%
(5) On the next Rs. 50,000 of total income	8%	10%
(6) On the balance of total income	10%	12%

PART II

*Super-tax and surcharges on super-tax**Paragraph A*

In the case of every individual, Hindu undivided family, unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of super-tax

(1) On the first Rs. 20,000 of total income . . .	Nil
(2) On the next Rs. 5,000 of total income . . .	8%
(3) On the next Rs. 5,000 of total income . . .	18%
(4) On the next Rs. 10,000 of total income . . .	22%
(5) On the next Rs. 10,000 of total income . . .	32%
(6) On the next Rs. 10,000 of total income . . .	40%
(7) On the next Rs. 10,000 of total income . . .	45%
(8) On the balance of total income . . .	47·5%

Surcharges on super-tax

The amount of super-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) A surcharge for purposes of the Union equal to the sum of—

(i) two and a half per cent. of the amount of super-tax calculated at the average rate of super-tax on the income under the head “Salaries” included in the total income;

(ii) five per cent. of the amount of super-tax calculated at the average rate of super-tax on the total income as reduced by the income under the head “Salaries” included therein; and

(iii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge at fifteen per cent. of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income had been the total income.

Paragraph B

In the case of every local authority,—

Rate of super-tax

On the whole of the total income	16%
----------------------------------	-----

Surcharge on super-tax

The amount of super-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

Paragraph C

In the case of every association of persons being a co-operative society as defined in clause (19) of section 2 of the Income-tax Act,—

Rates of super-tax

(1) On the first Rs. 25,000 of total income	Nil
(2) On the balance of total income	16%

Surcharge on super-tax

The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

Paragraph D

In the case of every company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

Rates of super-tax

On the whole of the total income 55%:

Provided that—

(i) a rebate at the rate of 50 per cent. on so much of the total income as consists of dividends from any Indian company; and at the rate of 35 per cent. on the balance of the total income shall be allowed in the case of any company which—

(a) in respect of its profits liable to tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1962, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits in accordance with the provisions of section 194 of that Act; and

(b) is such a company as is referred to in section 108 of the Income-tax Act with a total income not exceeding Rs. 25,000;

(ii) a rebate at the rate of 50 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 45 per cent. on so much of the total income as consists of dividends from any other Indian company; and at the rate of 30 per cent. on the balance of the total income shall be allowed in the case of any company which satisfies condition (a) but not condition (b) of the preceding clause;

(iii) a rebate at the rate of 50 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 30 per cent. on so much of the total income as consists of dividends from an Indian company, not being a subsidiary company, formed and registered before the 1st day of April, 1959; at the rate of 45 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; at

the rate of 30 per cent. on so much of the total income as consists of royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government; and at the rate of 17 per cent. on the balance of the total income shall be allowed in the case of any company not entitled to a rebate under either of the preceding clauses:

Provided further that—

(i) the amount of the rebate under clause (i) or clause (ii) of the preceding proviso shall be reduced by the sum, if any, equal to the amount or the aggregate of the amounts, as the case may be, computed as hereunder:—

(a) on the aggregate of the sums computed in the manner provided in clause (i) of the second proviso to Paragraph D of Part II of the First Schedule to the Finance Act, 1961 as reduced by the amount, if any, which is deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said proviso to nil; and at the rate of 100%.

(b) on the amount representing the face value of any bonus shares or the amount of any bonus issued to its shareholders during the previous year with a view to increasing the paid-up capital; at the rate of 12½%.

(ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii), as the case may be, of the preceding proviso, only so much of the amounts of reduction mentioned in sub-clauses (a) and (b) of clause (i) of this proviso as is sufficient, in that order, to reduce the rebate to nil shall be deemed to have been taken into account for the purpose:

Provided further that the super-tax payable by a company, the total income of which exceeds rupees twenty-five thousand, shall not exceed the aggregate of—

(a) the super-tax which would have been payable by the company if its total income had been rupees twenty-five thousand; and

(b) half the amount by which its total income exceeds rupees twenty-five thousand.

Explanation I.—For the purposes of this Paragraph, where any portion of the profits and gains of a company is not included in its total income by reason of such portion being agricultural income, the amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each be deemed to be such proportion thereof as the average of the total income of

the company in the five previous years in which the company has been in receipt of taxable income immediately preceding the relevant previous year bears to the average of its total profits and gains (excluding capital receipts) for the preceding five years aforesaid, reduced by such allowances as may be admissible under the Income-tax Act which have not been taken into account by the company in its profit and loss accounts for the preceding five years aforesaid.

Explanation II.—For the purposes of this Paragraph, a company shall be deemed to be a subsidiary of another company if that other company holds more than half in nominal value of the equity share capital of the first mentioned company.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

Rate of super-tax

On the whole of its profits and gains from life insurance business

22.5%

PART III

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sub-section (2) of section 192 and sections 193 to 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Income-tax			Super-tax	
	Rate of income-tax	Rates of surcharges		Rate of super-tax	Rates of surcharges
		Surcharge for purposes of the Union	Special surcharge		

1. In the case of a person other than a company—

- (a) in every case, on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free, and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government), and

25%

1.25% 3.75%

	Income-tax			Super-tax	
	Rate of income-tax	Rates of surcharges		Rate of super-tax	Rates of surcharges
		Surcharge for purposes of the Union	Special surcharge		

(b) In addition, where the person is non-resident in India, on the whole income.

Super-tax and surcharges on super-tax in accordance with the provisions of clause (b) of sub-section (x) of section 113 of the Income-tax Act.

	Rate of income-tax	Rate of super-tax
--	--------------------	-------------------

2. In the case of a company—

(a) in every case—

(i) on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government); and 25%

(ii) on the whole income (excluding dividends payable by an Indian company referred to in clause (iv) of sub-section (x) of section 99 of the Income-tax Act); and 5%

(b) in addition, where the company is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India,—

(i) on the income from dividends (excluding dividends payable by an Indian company referred to in clause (iv) of sub-section (x) of section 99 of the Income-tax Act)—

(1) on dividends payable by any of its subsidiary Indian companies formed and registered before the 1st day of April, 1961 Nil

(2) on dividends payable by an Indian company, not being a subsidiary company, formed and registered before the 1st day of April, 1959 20%

(3) on dividends payable by any other Indian company formed and registered on or after the 1st day of April, 1959 5%

(ii) on the income from royalties payable by an Indian concern in pursuance of an agreement which is made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government 20%

(iii) on any other income, not being income from dividends 33%.

THE SECOND SCHEDULE

(See section 15)

PART I

In the First Schedule to the Tariff Act,—

(i) in Item No. 22 (4) (b),—

(1) for the entry in the fourth column against sub-item

(i), the following entry shall be substituted, namely:—

“Rs. 60·00 per litre or 170 per cent. *ad valorem*, whichever is higher, *plus* Rs. 5·00 per litre.”;

(2) in the entry in the fourth column against sub-item

(ii), for the figures “44·00”, the figures “45·00” shall be substituted;

(ii) in Item No. 28A,—

(1) in the entry in the second column, for the word, brackets and letter “clause(d)”, the word, brackets and letter “clause(h)”, shall be substituted;

(2) in each of the entries in the fourth, fifth and sixth columns, the words “*plus* the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be omitted;(iii) in Item No. 47 (2), in the entry in the fourth column, for the words and figures “Rs. 6·60 per kilogram or 50 per cent. *ad valorem*”, the words and figures “Rs. 7·50 per kilogram or 55 per cent. *ad valorem*” shall be substituted;(iv) in Items Nos. 63, 63 (1), 63 (4), 63 (5), 63 (11), 63 (13), 63 (23), 63 (26) and 63 (35), for the figures and words “20 per cent. *ad valorem*” in the entry against each of them in the fourth column, the figures and words “25 per cent. *ad valorem*” shall be substituted;

(v) in Item No. 63 (6),—

(1) for the entry in the fourth column against sub-item

(i), the following entry shall be substituted, namely:—

“15 per cent. *ad valorem*.”;

(2) for the entry in the fourth column against sub-item

(ii), the following entry shall be substituted, namely:—

“Rs. 74·00 per tonne *plus* 5 per cent. *ad valorem*.”;(vi) in Item No. 63 (8), for the entry in the fourth column, the entry “Rs. 5·00 per tonne or 20 per cent. *ad valorem*, whichever is higher, *plus* 5 per cent. *ad valorem*” shall be substituted;

(vii) in Item No. 63 (9), for the entry in the fourth column, the entry "Rs. 60·00 per tonne *plus* 5 per cent. *ad valorem*" shall be substituted;

(viii) in Item No. 63 (10),—

(1) for the words and figures "Rs. 59·10 per tonne" in the fourth column against sub-item (i), the words and figures "Rs. 80·00 per tonne" shall be substituted;

(2) for the words and figures "Rs. 79·70 per tonne" in the fourth column against sub-item (ii), the words and figures "Rs. 100·00 per tonne" shall be substituted;

(ix) in Items Nos. 63 (12), 63 (15), 63 (28), 63 (29) (a), 63 (29) (b) and 63 (33) (b), for the entry against each of them in the fourth column, the entry "55 per cent. *ad valorem*" shall be substituted;

(x) in Item No. 63 (17),—

(1) for the entry in the fourth column against sub-item (i), the following entry shall be substituted, namely:—

"Rs. 32·00 per tonne or 10 per cent. *ad valorem*, whichever is higher, *plus* 5 per cent. *ad valorem*.";

(2) for the entry in the fourth column against sub-item (ii), the following entry shall be substituted, namely:—

"Rs. 55·00 per tonne *plus* 5 per cent. *ad valorem*.";

(xi) in Items Nos. 63 (18) (b) and 63 (33) (a), for the entry against each of them in the fourth column, the entry "40 per cent. *ad valorem*" shall be substituted;

(xii) in Item No. 63 (19), in the entry in the second column, after the words "cast iron plates", the words "and stainless steel plates" shall be added;

(xiii) in Item No. 63 (20), in the entry in the second column, after the words "high silicon electrical steel sheets", the words "and stainless steel sheets" shall be added;

(xiv) in Item No. 63 (24), for the entries in the fourth and fifth columns, the entries "55 per cent. *ad valorem*" and "45 per cent. *ad valorem*", shall, respectively, be substituted;

(xv) in Item No. 63 (25), in the entry in the second column, the words "and iron or steel wire nails" shall be omitted;

(xvi) in Item No. 63 (27),—

(1) for the entry in the fourth column against sub-item (i), the entry “Rs. 15·00 per tonne or 15 per cent. *ad valorem*, whichever is higher, plus 5 per cent. *ad valorem*” shall be substituted;

(2) for the entry in the fourth column against sub-item (ii), the entry “Rs. 42·00 per tonne or 25 per cent. *ad valorem*, whichever is higher, plus 5 per cent. *ad valorem*” shall be substituted;

(xvii) in Item No. 71 (a), for the entry “35 per cent. *ad valorem*” in the fourth column, the entry “50 per cent. *ad valorem*” shall be substituted; and

(xviii) in Item No. 75 (1), for the entry in the fourth column, the entry “150 per cent. *ad valorem*” shall be substituted.

PART II

Item No.	Name of Article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
1	2	3	4	5	6	7
In the First Schedule to the Tariff Act,—						
(i) for Item No. 22(5)(b), the following Item shall be substituted, namely :—						
“22(5)(b) Drugs and medicines containing spirit—						
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential Revenue.	Rs. 12·00 per litre or 50 per cent. <i>ad valorem</i> , whichever is higher, <i>plus</i> Rs. 5·00 per litre.	Rs. 11·10 per litre or 40 per cent. <i>ad valorem</i> , whichever is higher, <i>plus</i> Rs. 5·00 per litre.	Rs. 11·10 per litre or 40 per cent. <i>ad valorem</i> , whichever is higher, <i>plus</i> Rs. 5·00 per litre.	..
	(ii) not so entered.	Preferential Revenue.	Rs. 9·00 per litre of the strength of London proof or 50 per cent. <i>ad valorem</i> , whichever is higher, <i>plus</i> the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	Rs. 8·35 per litre of the strength of London proof or 40 per cent. <i>ad valorem</i> , whichever is higher, <i>plus</i> the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	Rs. 8·35 per litre of the strength of London proof or 40 per cent. <i>ad valorem</i> , whichever is higher, <i>plus</i> the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	..

1	2	3	4	5	6	7
(ii) in Section V, after Item No. 27(9), the following Item shall be inserted, namely :—						
"27(10)	All products derived from refining of crude petroleum or shale (whether gaseous, liquid, semi-solid or solid in form), including refinery gases, lubricating oil and greases, waxes and coke, but excluding articles falling under Items Nos. 27(3), 27(4)(a), 27(5), 27(6) and 27(7)(b).	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..
(iii) after Item No. 28(34), the following Items shall be inserted, namely :—						
"28(35)	Nitric, Hydrochloric and Sulphuric Acids (including fuming acids and anhydrides thereof), all sorts.	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	.
28(36)	Compressed, liquefied or solidified gases, the following, namely:— (i) Oxygen. (ii) Chlorine. (iii) Ammonia. (iv) Carbonic acid (Carbon dioxide). (v) Refrigerant gases, all others, such as sulphur dioxide and freon.	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..

28(37)	Patent or proprietary medicines not containing alcohol, opium, Indian hemp or other narcotic drugs or other narcotics other than those medicines which are exclusively Ayurvedic, Unani, Sidha or Homoeopathic.	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..
--------	---	---------	--	----

Explanation.—For the purposes of this item, “patent or proprietary medicines” means any drug or medicinal preparation, in whatever form, for use in the internal or external treatment of, or for the prevention of, ailments in, human beings or animals, which bears either on itself or on its container or both, a name which is not specified in a monograph in a Pharmacopoeia, Formulary or other publications notified in this behalf by the Central Government in the Official Gazette, or which is a brand name, that is, a name or a registered trade mark under the Trade and Merchandise Marks Act, 1958 (43 of 1958) or any other mark, such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to that medicine for the purpose of indicating or so as to indicate a connection in the course of trade between the medicine and some person having the right either as proprietor or otherwise to use the name or mark with or without any indication of the identity of that person.

(iv) in Section VIII, after Item No. 39 (3), the following Item shall be inserted, namely 1—

“39(4)	Rubber products, the following, namely:—	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..”;
	(i) Latex foam sponge					
	(ii) Plates, sheets and strips unhardened, whether vulcanized or not, and whether combined with any textile material or otherwise.					

I	2	3	4	5	6	7
---	---	---	---	---	---	---

(v) in Section IX, after Item No. 42, the following Item shall be inserted, namely:—

"42(1) Plywood, blockboard, lamin-board, batten board, hard or soft wall boards or insulating board and veneered panels, whether or not containing any material other than wood; cellular wood panels; building boards of wood pulp or of vegetable fibre, whether or not bonded with natural or artificial resins or with similar binders; and artificial or reconstituted wood being wood shavings, wood chips, saw dust, wood flour or other ligneous waste agglomerated with natural or artificial resins or other organic binding substances, in sheets, blocks, boards or the like—	Revenue	.	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..";
(i) Plywood for tea-chests when cut to size in panels or shooks and packed in sets.						
(ii) All others.						

(vi) after Item No. 50(1), the following Item shall be inserted, namely:—

"50(1A) Jute manufactures (including manufactures of Bimlipatam jute or of Mesta fibre), all sorts—	Revenue	.	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty	..	..	..";
(i) Hessians.						

(ii) All other descriptions of jute manufactures not falling in sub-item (i) above (including cloth, bags, twist, yarn, rope and twine).

so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.

(vii) after Item No. 58(i), the following Item shall be inserted, namely :—

“58(iA) Asbestos-cement products, all sorts, including flat and corrugated sheets, pipes and tubes and tiles.	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.
---	---------	--	----	----	----

(viii) for Item No. 63(16), the following Item shall be substituted, namely :—

“63(16) Iron or steel washers, all sorts, and iron or steel nails, all sorts, including wire nails and panel pins.	Revenue	. 55 per cent. <i>ad valorem</i>
--	---------	------------------------------------	----	----	----

(ix) after Item No. 63(20), the following Item shall be inserted, namely :—

“63(20A) Stainless steel plates and sheets.	Revenue	. 25 per cent. <i>ad valorem</i>
---	---------	------------------------------------	----	----	----

(x) after Item No. 63(35), the following Item shall be inserted, namely :—

“63(36) Iron or steel products, the following, namely :—	Revenue	. The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..
(i) Bars, rods, coils, wires, joints, girders, angles, channels, tees, flats, beams, zeds, trough piling, and all other rolled, forged or extruded shapes and sections.					

1	2	3	4	5	6	7
---	---	---	---	---	---	---

(ii) Plates and sheets, other than plates and sheets intended for tinning, and hoops and strips, all sorts, including galvanised or corrugated plates and sheets.

(iii) Uncoated plates and sheets intended for tinning.

(iv) Pipes and tubes (including blanks therefor), all sorts, whether rolled, forged, spun, cast, drawn, annealed, welded or extruded.

(v) All other steel castings.

(xi) for item No. 64(6), the following Item shall be substituted, namely :—

“64(6) Copper and copper alloys containing not less than fifty per cent. by weight of copper

(1) In any crude form including ingots, bars, blocks, slabs, billets, shots and pellets.

(2) Manufactures, the following, namely, plates, sheets, circles, strips and foils in any form or size.

(3) Pipes and tubes.

Revenue . The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.

(xii) for Item No. 72(41), the following Item shall be substituted, namely :—

"72(41) Refrigerating and air-conditioning appliances and machinery, all sorts, and parts thereof—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..
(1) Refrigerators and other refrigerating appliances, which are ordinarily sold or offered for sale as ready assembled units, such as ice makers, bottle coolers, display cabinets and water coolers.					
(2) Air-conditioners and other air-conditioning appliances, which are ordinarily sold or offered for sale as ready assembled units, including package type air-conditioners and evaporative type of coolers.					
(3) Parts of refrigerating and air-conditioning appliances and machinery, all sorts.					

(xiii) in Section XVI, after Item No. 73(23), the following Item shall be inserted, namely :—

"73(24) Electric wires and cables, all sorts, not falling under Item 63(36).	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.
--	---------	--	----	----	----

1	2	3	4	5	6	7
---	---	---	---	---	---	---

(xiv) in Section XVIII, after Item No. 79, the following Item shall be inserted, namely :—

"79(i)	Gramophones, including record players, whether mechanically or electrically driven, and with acoustic, electronic or transistorised systems of reproduction or amplification, and parts and accessories thereof, and gramophone records, all sorts—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted. "
--------	---	---------	--	----	----	------

(i) Gramophones or record players, including radiograms.

(ii) Parts and accessories of gramophones or record players, all sorts.

(iii) Gramophone records, all sorts, other than matrices.

(iv) Matrices for records, impressed.

(v) Gramophone needles or styli—

(a) wholly made of steel.

(b) others.

(xv) for Item No. 82(6)(A), the following Item shall be substituted, namely —

“82(6)(A) Plastics, all sorts—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..
(i) Moulding powders, granules and flakes (thermosetting and thermoplastic).				
(ii) Polyethylene films, lay-flat tubings and P.V.C. sheets (that is to say, Polyvinyl Chloride sheets).				
(iii) All others.				

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Central Government for the financial year 1962-63 and to provide for certain connected matters. The Notes on Clauses explain the various provisions contained in the Bill.

MORARJI DESAI.

NEW DELHI;
The 23rd April, 1962.

Notes on Clauses

Clause 2 prescribes the rates of income-tax and super-tax for the assessment year 1962-63 and for deduction of tax at source from salaries, interest on securities, dividends, etc. during the same year. In the cases of individuals, Hindu undivided families, unregistered firms, etc. the existing slab of Rs. 15,001—20,000 has been substituted by two slabs of Rs. 15,001—17,500 and Rs. 17,501—20,000 and the rates for the various slabs above Rs. 5,000 have been slightly increased as compared to the existing rates. The basic surcharge for purposes of the Union has been fixed at 2½% in the case of incomes from salaries in place of the existing rate of 5%.

In the case of registered firms, the rate schedule has been recast. The slabs of income have been revised and the rates of tax have been slightly increased, different rates being prescribed for firms with 4 or less partners and for firms with 5 or more partners.

In the case of companies—

(i) the rate of income-tax has been fixed at 25% as compared to the existing rate of 20%;

(ii) the effective rate of super-tax applicable to incomes, other than dividends received from Indian companies and certain royalties, of companies which have made the prescribed arrangements for the declaration and payment of dividends within India, is fixed at 20% if their income does not exceed Rs. 25,000 and the public are substantially interested therein; and at 25% in other cases;

(iii) the effective rate of super-tax applicable to incomes, other than dividends received from Indian companies and certain royalties, of foreign companies which have not made the prescribed arrangements for the declaration and payment of dividends within India has been fixed at 38% so that the effective rate of income-tax and super-tax on such income continues in their case at 63%;

(iv) the effective rate of super-tax on dividends received from an Indian company by a company which has made the prescribed arrangements for the declaration and payment of dividends within India is fixed at 5% if its total income does not exceed Rs. 25,000 and the public are substantially interested

therein. In the case of other companies which have made the prescribed arrangements aforesaid, the super-tax rate has been fixed at 5% for dividends received from an Indian subsidiary company formed and registered before 1st April, 1961 and at 10% for dividends received from any other Indian company. In the case of foreign companies which have not made the prescribed arrangements aforesaid, the effective rate of super-tax has been fixed at 5% for dividends received from an Indian subsidiary company formed and registered before 1st April, 1961; at 25% for dividends received from an Indian company, not being a subsidiary company, formed and registered before 1st April, 1959; and at 10% for dividends received from any other Indian company formed and registered on or after 1st April, 1959.

The effective rates for deduction of tax at source have been slightly adjusted as a sequel to the changes in the rates of income-tax and super-tax mentioned in the preceding paragraph. It is also provided that no income-tax shall be deducted at source from interest on any income-tax free securities of the Central or a State Government.

A rebate of one-tenth of the income-tax and super-tax attributable to income from exports out of India is proposed to be allowed in the case of all assesseees other than foreign companies which have not made the prescribed arrangements for the declaration and payment of dividends within India.

Clause 3 defines 'short-term capital asset'.

Clause 4 amends sub-section (2) of section 37 of the Income-tax Act. The rates at which the entertainment expenses are deductible in computing total income of companies have slightly been reduced. The total amount admissible has been reduced from Rs. 1,00,000 to Rs. 60,000.

Clause 5 substitutes new sections for sections 70 and 71 of the Income-tax Act. The main changes resulting from the substitution are as follows:—

(i) losses arising on transfer of any short-term capital asset can be set off against income arising from the transfer of any other capital asset, short-term or otherwise; and

(ii) losses arising on transfer of a capital asset other than a short-term capital asset can be set off against income arising on transfer of a similar capital asset.

Clause 6 substitutes a new sub-section for sub-section (1) of section 72 of the Income-tax Act. This is consequential to the recasting of sections 70 and 71 of that Act.

Clause 7 substitutes a new section for the existing section 74 of the Income-tax Act. The main changes resulting from the substitution are as follows:—

(i) the net loss arising on transfer of capital assets other than short-term capital assets will not be carried forward to any subsequent assessment year;

(ii) the net loss arising on transfer of short-term capital assets can be carried forward and set off against income arising on transfer of short-term capital assets in subsequent assessment years, the period of carry forward being restricted to 8 assessment years; and

(iii) losses under the head "Capital gains" pertaining to the assessment year 1961-62 and earlier assessment years will be carried forward only to the extent that they relate to short-term capital assets.

Clause 8.—Sub-clause (i) introduces a new clause (f) in sub-section (1) of section 87 of the Income-tax Act. This will enable the deposits made in 10-year or 15-year accounts under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, to be treated for the purpose of rebate of income-tax in the same manner as contributions to recognised provident funds, etc. Sub-clause (ii) amends sub-section (3) of section 87 of that Act with a view to enhancing the maximum limit for which income-tax rebate will be available on contributions to provident fund, etc. to Rs. 10,000 in the case of individuals and Rs. 20,000 in the case of Hindu undivided families.

Clause 9 amends sub-section (3) of section 88 of the Income-tax Act so as to enhance the maximum limits upto which exemption in respect of donations for charitable purposes will be available to 10% of the total income (as reduced by any portion thereof which is exempt from tax) or Rs. 2,00,000 whichever is less. The amendment is to apply to donations made during the previous years relevant to the assessment year 1963-64 and subsequent assessment years.

Clause 10 reduces the statutory percentages fixing the minimum amounts to be distributed as dividends by companies in which the public are not substantially interested to 45 and 60 in place of the existing percentages of 50 and 65 respectively.

Clause 11 substitutes two new sections for the existing sections 114 and 115 of the Income-tax Act. The main changes resulting from the substitution are as follows:—

(i) capital gains arising on transfer of short-term capital assets will be taxed in the same manner as income other than capital gains;

(ii) capital gains arising on transfer of capital assets other than short-term capital assets will be taxed at a flat rate of 25% or as if they were gains arising on transfer of short-term capital assets, whichever is more favourable to the assessee. The basic tax free limit of Rs. 5,000 will continue only in the case of capital gains arising on transfer of capital assets other than short-term capital assets; and

(iii) in the case of companies, capital gains arising on transfer of capital assets other than short-term capital assets will be subjected to a super-tax of 5% and on capital gains arising on transfer of short-term capital assets super-tax will be calculated as if they were an income other than capital gains.

Clause 12.—Sub-clause (i) deletes section 5(1) (xx) of the Wealth-tax Act relating to exemption of shares in new industrial companies. Sub-clause (ii) amends Part I of the Schedule to the Wealth-tax Act slightly revising the slabs and enhancing the rate of tax on the two highest slabs to 1.75% and 2.5% respectively.

Clause 13 suspends the operation of the Expenditure-tax Act for the assessment year 1962-63 onwards.

Clause 14 makes a clarificatory amendment in clause (ii) of the first proviso to Paragraph D of Part II of the First Schedule to the Finance Act, 1961.

Clause 15, read with the Second Schedule, seeks to increase the import duties on certain items. The changes are:—

(i) on a number of articles on which Central Excise duties have been imposed, including various articles of iron and steel, provision is being made for the levy of a countervailing import duty. This is necessary in order that the indigenous producer or manufacturer of these articles is not placed at a disadvantage in comparison with the importer;

(ii) there are some articles of iron and steel on which countervailing duty will not be leviable in the absence of excise duty thereon. In order that these may not get an undue advantage over other articles on which countervailing duties will now be attracted, the duties on these articles are being increased by 5%. The main items thus affected are structures, fittings for pipes and tubes, steel ingots and iron and steel manufactures not otherwise specified. The duty on tinplates, which are already subject to countervailing duty, is also being increased by about 2%. In addition, a new item is being created for stainless steel plates and sheets, with a duty of 25%;

(iii) the duty on certain types of tools excluding machine tools and agricultural implements is proposed to be raised from 35% to 50%;

(iv) the duty on motor cars including taxicabs is at present 100% or Rs. 6,000 per car or cab, whichever is higher, plus countervailing duty. It is proposed to raise the *ad valorem* rate to 150% but to do away with the alternative *specific* rate of duty. The countervailing duty will continue to be applicable;

(v) the statutory rate of duty on artificial silk yarn and thread is being increased by 5%; and

(vi) a few other minor changes have been proposed with the object of removing certain anomalies in the tariff.

Clause 16.—Sub-clause (1) seeks to amend the definition of 'manufacture'.

Sub-clause (2) (a) (1) seeks to increase the rates of duty on un-manufactured tobacco, other than stalks and also proposes to delete sub-item (5) (iii) relating to granule of tobacco ('rawa').

Sub-clause (2) (a) (2) proposes to re-classify the existing eight groups of cigarette tariff into five and also to revise the rates of duty.

Sub-clause (2) (b) seeks to introduce a new sub-item, namely, 'Tar' under the existing item relating to 'Asphalt and Bitumen'.

Sub-clause (2) (c) proposes to levy an excise duty on "all products derived from refining of crude petroleum or shale" which are not being taxed at present.

Sub-clause (2) (d) seeks to introduce for purposes of clarification a sub-clause (iii) under sub-item III of Item No. 14 relating to 'Paints and Varnishes'.

Sub-clause (2) (e) seeks to redefine the 'coal tar dyes'.

Sub-clause (2) (f) seeks to redefine the scope of the existing item relating to 'Patent or proprietary medicines'.

Sub-clause (2) (g) proposes to levy an excise duty on certain 'Acids' and 'Gases'.

Sub-clause (2) (h) seeks to insert a new sub-item (iii) under the existing Item 15A relating to 'Plastics' to make it more comprehensive.

Sub-clause (2) (i) proposes to levy an excise duty on certain 'Rubber products' and 'Plywood'.

Sub-clause (2) (j) proposes an increase in the rate of duty on 'Rayon and Synthetic fibres and Yarn', and adds a clarificatory Explanation thereto.

Sub-clause (2) (k) seeks to raise the rates of excise duty on 'Cotton Yarn'.

Sub-clause (2) (l) proposes to increase the rates of excise duty on 'Woollen Yarn'.

Sub-clause (2) (m) seeks to delete the provision relating to Cotton Fabrics manufactured on handlooms and proposes to increase the rates of excise duty on 'Cotton Fabrics'.

Sub-clause (2) (n) seeks to delete the provision relating to Wool-len Fabrics manufactured on handlooms.

Sub-clause (2) (o) seeks to delete the provision relating to Art Silk Fabrics manufactured on handlooms.

Sub-clause (2) (p) proposes to levy an excise duty on 'Jute Manufactures'.

Sub-clause (2) (q) proposes to levy an excise duty on 'Asbestos-Cement Products'.

Sub-clause (2) (r) proposes to levy an excise duty on 'Copper in any crude form'.

Sub-clause (2) (s) seeks to levy an excise duty on certain 'Iron or Steel Products'.

Sub-clause (2) (t) seeks to raise the existing rate of duty on 'Aluminium Foils'.

Sub-clause (2) (u) proposes to combine into one item the present tariff items 29A and 40 relating to 'Air-conditioning Machinery' and 'Refrigerators' respectively as well as to make it more comprehensive.

Sub-clause (2) (v) seeks to exclude 'Electric Motors' specially designed for use in Gramophones from the scope of Item No. 30.

Sub-clause (2) (w) proposes to levy an excise duty on 'Electric Wires and Cables'.

Sub-clause (2) (x) seeks to revise the present specific rates on 'Auto-Cycles, Three-Wheelers and Medium-sized Cars' into specific-cum-ad valorem rates.

Sub-clause (2) (y) proposes to levy an excise duty on 'Gramophones and parts and accessories of gramophones, and gramophone records'.

Sub-clause (2) (z) which is consequential to sub-clause (2) (u) seeks to delete the existing Item No. 40 relating to 'Refrigerators and parts thereof'.

Clause 17.—Sub-clause (a) seeks to delete sub-item I(5) (iii) of item 4 relating to granule of tobacco ('raws').

Sub-clause (b) seeks to make certain changes in the rates of additional excise duty on 'Cigarettes'.

Clause 18 seeks to amend the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act with a view to bring the definition of Patent or proprietary medicines in that Act into line with the revised definition of the same expression in the Central Excises and Salt Act, 1944 [vide clause 16(2) (f)].

FINANCIAL MEMORANDUM

CENTRAL EXCISE

The Bill seeks to levy new excise duties on—

1. All petroleum Refinery products other than those which are already under excise.
2. Acids (Nitric, Hydrochloric and Sulphuric).
3. Gases (Oxygen, chlorine, ammonia, carbon dioxide and refrigerant gases).
4. Certain rubber products.
5. Plywood and allied products.
6. Jute manufactures.
7. Asbestos cement products.
8. Certain iron and steel products.
9. Electric wires and cables.
10. Gramophones including parts and accessories, and gramophone records.

Coal Tar is also proposed to be brought under excise by altering the present Item of Asphalt and Bitumen.

These levies will necessitate the employment of some additional staff. The increase in staff together with incidental expenses of administration is estimated to cost Rs. 24.43 lakhs per annum.

I. Volume of work:

There are about 600 units which are now to be brought under excise control.

II. Requirement of personnel and finance:

For the field organisation

	No.	Annual emoluments	Cost
		Rs.	Rs.
A. Officers—			
Deputy Collectors	2	2 × 15,000	30,000
Assistant Collectors	8	8 × 8,880	71,040
Superintendents—			
Class I	8	8 × 8,880	71,040
Class II	12	12 × 7,056	84,672
Assistant Chief Accounts Officers	2	2 × 7,056	14,112

	No.	Annual emoluments	Cost
B. Staff—		Rs.	Rs.
Deputy Superintendents (Executive)	100	100 × 5,775	5,77,500
Inspectors/Sub-Inspectors	225	$\begin{cases} 150 \times 3,746 \\ 75 \times 1,832 \end{cases}$	$\begin{matrix} 5,61,900 \\ 1,37,400 \end{matrix}$
Superintendents (M)	2	2 × 6,000	12,000
Deputy Superintendents (M)	15	15 × 4,710	70,650
Head Clerks	15	15 × 3,746	56,190
Upper Division Clerks	70	70 × 2,548	1,78,360
Lower Division Clerks	75	75 × 1,804	1,35,300
Stenographers	2	2 × 2,548	5,096
Stenotypists	20	20 × 2,044	40,880
C. Incidental expenses including Class IV, contingencies, etc.			3,00,000
TOTAL			23,46,140
			or Rs. 23.46 lakhs.
<i>For Statistics and Intelligence Branch (Central Excise)</i>			
A. Officers—			
Statistician	1	1 × 8,000	8,000
B. Staff—			
Statistical Investigator	1	1 × 5,000	5,000
Head Clerk	1	1 × 3,746	3,746
Upper Division Clerks	2	2 × 2,548	5,096
Lower Division Clerks	3	3 × 1,804	5,412
C. Incidental expenses			3,000
TOTAL			30,254
			or Rs. 30,000
<i>For the Office of the Central Board of Revenue</i>			
A. Officers—			
Deputy Secretary	1	1 × 21,000	21,000
Section Officer	1	1 × 7,800	7,800
B. Staff—			
Assistants	5	5 × 3,864	19,320
Stenographer	1	1 × 3,864	3,864
Upper Division Clerk	1	1 × 2,548	2,548
Lower Division Clerks	4	4 × 1,804	7,216
C. Incidental expenses including Class IV staff, contingencies, etc.			5,000
TOTAL			66,748
			or Rs. 67,000
TOTAL FOR CENTRAL EXCISE			Rs. 24.43 lakhs.

CUSTOMS

The Bill also seeks to levy countervailing duties on all the articles on which Central Excise duties are newly imposed. These duties will have to be assessed and collected in addition to the basic duties levied at present. In addition, in view of the adjustments in tea export duties, some extra work will be thrown on the Custom Houses in granting refunds to exporters and making book adjustments with the Central Excise Department.

These changes will necessitate the employment of some additional staff on the Customs side as well. The increase in staff together with incidental expenses of administration, is estimated to cost Rs. 2.75 lakhs per annum.

*Requirement of personnel and finance:
For the field organisation*

	No.	Annual emoluments	Cost
A. Officers—		Rs.	Rs.
Assistant Collector	1	1 × 8,880	8,880
Principal Appraisers	2	2 × 9,648	19,296
Appraisers	13	13 × 7,284	94,692
B. Staff—			
Examiners	6	6 × 3,840	23,040
Upper Division Clerks	10	10 × 2,548	25,480
Lower Division Clerks	10	10 × 1,804	18,040
Stenotypist	1	1 × 2,044	2,044
C. Incidental expenses including Class IV staff, contingencies, etc.			30,000
TOTAL			2,21,472
		or	Rs. 2.20 lakhs.

For the Office of the Central Board of Revenue

A. Officers—			
Under Secretary	1	1 × 13,140	13,140
Section Officer	1	1 × 7,800	7,800
B. Staff—			
Assistants	4	4 × 3,864	15,456
Stenographer	1	1 × 3,864	3,864
Upper Division Clerk	1	1 × 2,548	2,548
Lower Division Clerks	4	4 × 1,804	7,216
C. Incidental expenses including Class IV staff, contingencies, etc.			5,000
TOTAL			55,024
			or
			55,000
TOTAL FOR CUSTOMS			2.75 lakhs.

M. N. KAUL,
Secretary.

